

ELECTRONIC FUNDS TRANSFER (“EFT”)

Maine Revenue Services accepts both ACH credit method and ACH debit method payments for income tax withholding. Both ACH payment methods require applications to participate. Taxpayers with annual withholding liabilities of \$200,000 or more must pay electronically. Payroll processing companies must remit electronically for all clients, regardless of whether those individual clients are mandated to pay electronically. A payroll processing company may request a waiver from this requirement from the State Tax Assessor. See Title 36 M.R.S.A. § 193 and MRS Rule 102 for more information about these requirements. Maine Revenue Services also accepts voluntary participants into its electronic funds transfer programs. There are no payment minimums.

ACH Credit. A taxpayer may make payments using this method by authorizing their bank to withdraw the tax payment from the taxpayer’s deposit account and transfer it to the state’s account. In order to pay using this method, you must have previously established a relationship with a bank that provides this service (generally larger commercial banks) and you must have previously registered with the Maine Revenue Services EFT Unit as a credit method payor.

ACH Debit. A taxpayer may make payments using this method by authorizing Maine Revenue Services to

electronically transfer tax payments from the taxpayer’s deposit account to the Maine Revenue Services deposit account. The authorization is initiated through a telephone call to the MRS electronic withdrawal payment system. This telephone payment system allows taxpayers to arrange for debit payments with effective dates up to 15 days in the future. The amount due shown on the return you filed will be deducted from your account within 3 business days from the date you authorize the transfer.

Penalty for Insufficient Funds. The penalty for insufficient funds applies to electronic funds transfers. The penalty is \$20 or 1% of the payment amount, whichever is greater.

Penalty for Failure to Pay by Electronic Funds Transfer. Any person required to pay by electronic funds transfer who fails to do so is liable for a penalty equal to the lesser of 5% of the tax due or \$5,000.

For more information, an application, or a copy of MRS Rule 102, visit www.maine.gov/revenue and select Electronic Services; send an e-mail to efunds.transfer@maine.gov; send a FAX to (207) 287-6975; call 207-287-8276; or write to: EFT Unit, Maine Revenue Services, PO Box 9100, Augusta, ME 04332-9100.

941ME GENERAL INSTRUCTIONS

Returns must be completed and filed with Maine Revenue Services each quarter according to the following schedule:

<u>Quarter</u>	<u>Period Covered</u>	<u>Due Date</u>
Quarter 1 ...	01-01-05 to 03-31-05	04-30-05
Quarter 2 ...	04-01-05 to 06-30-05	07-31-05
Quarter 3 ...	07-01-05 to 09-30-05	10-31-05
Quarter 4 ...	10-01-05 to 12-31-05	01-31-06

Note: A return must be filed each quarter, even if you had no income tax withheld for that period. Each page submitted must have your Withholding Account Number clearly printed at or near the top of the page. Do not write notes on the withholding listing pages.

Form 941ME is used to report total income tax withheld for the quarter and to reconcile 900ME voucher payments during the quarter, if applicable. If you also make, or expect to make, Unemployment Insurance Contributions, call the Central Registration Unit at 207-287-2338 to request the appropriate combined withholding tax and unemployment contribution booklet (Form 941/C1-ME).

Each quarterly return in this booklet is preprinted with the quarter being reported, due date, Withholding Account Number, calendar period covered and business name(s). An extra quarterly return with the quarter being reported and calendar period covered left blank is provided for use if you make an error while you are completing a quarterly return. Your Withholding Account Number consists of your Federal Employer Identification Number plus a two-digit state suffix.

When a business terminates or the requirement to withhold permanently ceases, complete the Cancellation Notice on the quarterly return.

If there has been a change in your name, address, telephone number or any other information related to this form, submit a Name and Address Change Form (Form 941/C1C-ME on page 3). We will correct our records and provide new Forms 941ME and 900ME payment vouchers, if necessary. Do not make changes on Form 941ME. If your Federal Employer Identification Number (Maine Withholding Account Number) changes, call the Central Registration Unit at 207-287-2338.

If it is necessary to correct a withholding tax amount you reported or made for a particular employee in a previous quarter, submit an amended return (Form 941A-ME) for that period along with an explanation of the change. We will correct your account for the period involved. Do not make an adjustment on the current Form 941ME.

Direct any questions regarding this form or income tax withholding in general to Maine Revenue Services at telephone number 207-626-8475, selection 1, then option 4.

Interest and Penalties. Beginning January 1, 2005, interest is charged at an annual rate of 8%, compounded monthly, on the unpaid withholding tax. The penalty for failure to pay the withholding tax on time is 1% per month up to a maximum of 25%. The penalty for failure to file the return on time is 10% of the tax liability or \$25, whichever is greater. If the return is filed more than 30 days after demand, the penalty is 100% of the tax due.

SPECIFIC INSTRUCTIONS

Note: Forms in this book are designed to comply with optical scanning requirements. The spaces underlined in red must be completed carefully in black or blue ink. Letters and numbers must be entered legibly within the underlined area. Letters must appear in upper case only and start on the left. Numbers must start from the right. For example:

Name C O M P A N Y I N C

Address 1 2 3 F I R S T S T

Maine income tax withheld 1 2 , 3 4 5 . 0 0

Use the extra tax form in this booklet if you make an error on your quarterly tax return. Do not mail photocopies of the forms in this book to Maine Revenue Services. Photocopied forms cannot be processed by the scanning system.

Line 1. Enter the total amount of Maine income tax withheld from Schedule 2 – Income Tax Withholding Listing, line 11. **All taxpayers filing Form 941ME must complete Schedule 2 – Income Tax Withholding Listing.**

Line 2. Enter the total amount of semi-weekly payments you have already remitted from Schedule 1 - Reconciliation of 900ME Voucher Payments or EFT Payments of Income Tax Withholding, line 6. If you are not required to make payment of income tax withholding semi-weekly, enter zero. For information about who is required to make semi-weekly payments of income tax withholding, see instructions for Schedule 1 below.

Line 3a. Enter the total Maine income tax withholding due with this return if line 1 minus line 2 is a positive amount. Enclose your remittance with the return.

Line 3b. Enter the total Maine income tax withholding overpaid if line 1 minus line 2 is a negative amount. A refund will be sent to you.

Cancellation Notice

When a business is discontinued or the requirement to withhold permanently ceases, complete the Cancellation Notice.

Line 4. Check the space and provide the information requested.

Schedule 1

Reconciliation of 900ME Voucher Payments or EFT Payments of Income Tax Withholding

Taxpayers who reported Maine income tax withholding of \$18,000 or more for the 12 months ending June 30, 2004 are **required** to make semi-weekly payments of income tax withholding. Taxpayers who reported Maine income tax withholding of less than \$18,000 for the 12 months ending June 30, 2004 are **not required** to make semi-weekly payments of income tax withholding. See page 3 of this booklet to find your withholding tax remittance frequency.

Semi-weekly payments of income tax withholding must be made according to the following schedule:

Day Wages Paid

Wednesday,
Thursday, Friday

Saturday, Sunday,
Monday, Tuesday

Remittance Due

On or before the
following Wednesday

On or before
the following Friday

If you are required to pay income tax withholding on a semi-weekly basis, you must complete Schedule 1. Complete one line of the schedule for each payroll during the quarter. Payments may be made by voucher (Form 900ME) or Electronic Funds Transfer (EFT).

Line 5. Add the subtotals for the Withholding Amount columns and enter the total Withholding Amount for this quarter. The total Withholding Amount should equal the amount entered on Form 941ME, line 1.

Line 6. Add the subtotals for the Payment Amount columns and enter the total Payment Amount for this quarter. Enter the total Payment Amount on Form 941ME, line 2. The Payment Amount includes all payments made in the quarter, whether such payments have been made by Forms 900ME or EFT.

Schedule 2 Income Tax Withholding Listing

All filers must complete Schedule 2, lines 10 and 11. If you paid wages or distributions during the quarter, complete all information in columns 7, 8, 9a and 9b and lines 10 and 11 on each withholding listing page submitted. Use as many pages as necessary to report all wages and distributions paid. Include backup withholding, pension withholding, distribution withholding, etc. If you did not pay wages or distributions during the quarter, complete only lines 10 and 11. See further instructions below.

Column 7. Enter the last name, first name and middle initial of each payee who received wages or distributions during the quarter.

Column 8. Enter the social security number of each payee who received wages or distributions during the quarter.

Column 9a. Enter the total amount of Maine wages or distributions paid to each payee during the quarter.

Column 9b. Enter the total Maine income tax withheld for each payee who received wages or distributions during the quarter. If a payee's withholding is greater than \$999,999.99, enter the withholding on two or more lines to add up to the total withholding for the payee. Also include backup withholding, pension withholding, distribution withholding, etc.

Line 10. Enter the total Maine income tax withheld for payees listed on the page. If no income tax was withheld, enter zero.

Line 11. On the last Schedule 2 page only, enter the total Maine income tax withheld in the quarter for **all** pages. If no income tax was withheld, enter zero. Enter this amount on Form 941ME, line 1.